Government of Saskatchewan

Annual Report 1989-90

Saskatchewan Legislative Assembly Members Superannuation Fund

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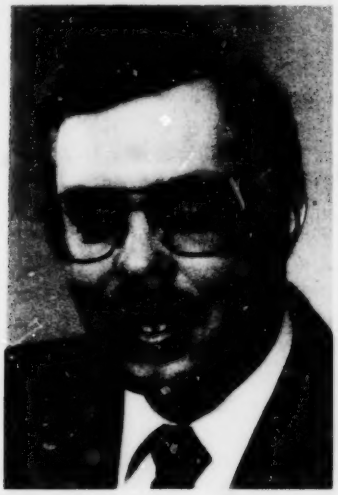

The Honourable Sylvia Fedoruk
Lieutenant Governor
Province of Saskatchewan

Madam:

I have the honour to transmit herewith the Annual Report of the Members of the Legislative Assembly Superannuation Fund for the year ending March 31, 1990.

I have the honour to be, Madam,

Your Obedient Servant,

L. H. Hepworth
Minister in Charge

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Background

The Members of the Legislative Assembly Superannuation Fund was created to provide a pension to individuals who are elected and provide service to the Province of Saskatchewan as Members of the Legislative Assembly.

The Fund is comprised of two pension plans: a unit benefit (formula) plan for members who were first elected prior to April 1, 1979, and a money purchase plan for those members first elected on or after April 1, 1979.

Members of the unit benefit plan may elect to transfer to the money purchase plan at any time prior to the expiration of the thirtieth day after the last return of the writ of election in the general election following the date on which they ceased to be members.

Operation of the Fund

The Fund is credited with contributions and interest paid by members and former members, interest earned and any other revenue accruing from the investment of monies in the Fund, and such amounts paid by the Minister of Finance as may be required to make it possible at all times to pay the allowances granted pursuant to The Members of the Legislative Assembly Superannuation Act. Payments are made out of the Fund for pensions, annuities, supplementary allowances and refunds of contributions. As a matter of course, the acquisition and disposition of the various assets of the Fund results in the payment of monies out of and receipt of monies into the Fund.

Contributions

Members are required to contribute 9% of their indemnity, sessional and expense allowances to the Fund; as well, members with additional responsibilities contribute 9% of their additional allowance. The Minister of Finance matches the members' contributions and is required by the Act to make certain additional contributions to the Fund.

Contributions by members for the year ended March 31, 1990 totalled $333,326.

In 1989-90, 17 members contributed to the unit benefit plan and 47 members contributed to the money purchase plan.

Pensions

The Fund paid pensions to 116 former members and spouses of former members throughout the year. Pensions under the unit benefit plan were based on a formula which included years of service and an average salary figure for some portion of that service. Pensions under the money purchase plan were provided in the form of a life annuity purchased with the funds standing to a member's credit at retirement. Pensions may also have included a supplementary allowance paid in accordance with the Act. Pensions for the year totalled $1,535,466.

Investments

The Investment Corporation of Saskatchewan is responsible for managing the investments of the Fund. The value of the investments (at cost) at March 31, 1990 was $5,998,768.

Administration

Expenses of administering the Saskatchewan Legislative Assembly Members Superannuation Fund are charged to the Fund.

Administration of the plan is presently assigned to the Public Employees Benefits Agency of the Department of Finance.

Members of the Legislative Assembly Superannuation Fund

Financial Statements

for the Year Ended March 31, 1990

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have examined the balance sheet of the Members of the Legislative Assembly Superannuation Fund as at March 31, 1990 and the statements of revenue, expenditure and fund equity and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

W. K. Strelioff

Regina, Saskatchewan,
December 21, 1990

W. K. Strelioff, C.A.,
Provincial Auditor.

Members of the Legislative Assembly
Superannuation Fund
Balance Sheet
As At March 31

	1990	1989
Assets		
Cash	$ 20,338	$ —
Members' contributions receivable	30,047	26,701
Minister of Finance contributions receivable	58,722	54,015
Accounts receivable	50,713	—
Accrued interest receivable	86,895	115,718
Investments (Note 1) (Schedule 1) (Market value 1990 — $5,842,717; 1989 — $4,870,718)	5,998,768	4,833,191
	$ 6,245,483	$ 5,029,625
Liabilities and Fund Equity		
Liabilities:		
Bank overdraft	$ —	$ 15,983
Accounts payable	260,975	7,194
Allowances payable	658	9,194
	261,633	32,371
Fund Balances:		
Fund equity, Unit Benefit Plan (Statement 2)	79,561	77,060
Fund equity, Money Purchase Plan (Statement 2)	5,904,289	4,920,194
	$ 6,245,483	$ 5,029,625

(See accompanying notes to the financial statements)

Members of the Legislative Assembly
Superannuation Fund
Statement of Revenue, Expenditure and Fund Equity
Year Ended March 31

	1990			1989
	Unit Benefit Plan	Money Purchase Plan	Total	Total
Revenue:				
Contributions by Members of the Legislative Assembly	$ 89,710	$ 243,616	$ 333,326	$ 313,579
Contributions by the Minister of Finance	1,454,547	276,312	1,730,859	1,446,790
Investment Income	6,728	507,986	514,714	458,922
(Loss) gain on investment disposals	—	(10,955)	(10,955)	7,891
	1,550,985	1,016,959	2,567,944	2,227,182
Expenditure:				
Annual allowances	1,507,747	27,719	1,535,466	1,481,413
Administrative expenses (Note 5(a) and 5(b))	40,737	5,145	45,882	33,280
	1,548,484	32,864	1,581,348	1,514,693
Excess of revenue over expenditure	2,501	984,095	986,596	712,489
Fund equity — beginning of year	77,060	4,920,194	4,997,254	4,284,765
Fund equity — end of year	$ 79,561	$ 5,904,289	$ 5,983,850	$ 4,997,254

(See accompanying notes to the financial statements)

Members of the Legislative Assembly
Superannuation Fund
Statement of Changes in Cash Resources
Year Ended March 31

	1990	1989
Source of Cash:		
Operations:		
Contributions by Members of the Legislative Assembly	$ 330,047	$ 370,426
Contributions by the Minister of Finance	1,726,152	1,484,705
Investment income	551,360	441,855
Gain on investment disposal	—	7,891
Other	250,000	582
	2,857,559	2,305,459
Investing Activities:		
Sale of investments	37,972,558	5,239,725
	40,830,117	7,545,184
Applications of Cash:		
Operations:		
Annual Allowances	1,543,927	1,476,494
Loss on investment disposal	10,955	—
Administrative costs	54,996	26,086
Other	45,783	3,810
	1,655,661	1,506,390
Investing Activities:		
Purchase of investments	39,138,135	6,056,505
	40,793,796	7,562,895
Increase (Decrease) in cash position	36,321	(17,711)
Cash balance, beginning of year	(15,983)	1,728
Cash, end of year — Statement 1	$ 20,338	$ (15,983)

(See accompanying notes to the financial statements)

Members of the Legislative Assembly Superannuation Fund

Notes to the Financial Statements March 31, 1990

1. **Significant Accounting Policies**

   a) **Investments**

   The Fund records all investment transactions at cost. Any difference between cost and par value is not amortized. Gains and losses are fully recognized in the year of disposal.

   b) **Allocation of Income**

   Investment income is allocated to the Money Purchase Plan based on actual earnings of all long term investments purchased since 1979 and a proportionate share of all short term investment holdings during the year. The interest rate declared is then multiplied by the members' average equity balance for the year.

2. **Authority**

   The Superannuation Fund operates under the authority of the Members of the Legislative Assembly Superannuation Act, 1979 for the purpose of providing a pension to individuals who are elected and provide service to the Province of Saskatchewan as Members of the Legislative Assembly. Members elected after April 1, 1979 contribute to the Money Purchase Plan.

3. **Statutory Reporting Requirements**

   In accordance with section 42 of the Members of the Legislative Assembly Superannuation Act, 1979 the following information is provided:

	1990	1989
Contributors to the Fund		
Unit Benefit Plan	17	17
Money Purchase Plan	47	47

   During the year 116 superannuates received allowances (1989 — 112).

4. **Actuarial Valuation Unit Benefit Plan**

   The last actuarial valuation of the Fund as at March 31, 1986 determined that there was an unfunded liability of $15,695,805 for service to the valuation date.

   Legislation provides for the Minister of Finance to pay to the Fund an amount equal to contributions of the members and any further amounts that may be required to pay allowances granted pursuant to the Members of the Legislative Assembly Superannuation Act, 1979.

5. **Related Party Transactions**

a) **Administration Expenses**

An amendment to the Members of the Legislative Assembly Superannuation Act, 1979, made retroactive to April 1, 1988, established that sums required for the purpose of administering the Members of the Legislative Assembly Superannuation Fund shall be a charge on and paid out of that Fund.

Operating expenditures associated with the Fund's administration are now paid to the Public Emplcyees Benefits Agency Revolving Fund. These expenditures totalled $29,856 (1989 — $32,088) for the year ended March 31, 1990. Previously, these costs were a charge on the Consolidated Fund of the Province and did not appear in these financial statements.

b) **Investment Administration and Management Fees**

Further revisions to the Members of the Legislative Assembly Superannuation Act, 1979 occurred on December 1, 1988 with the proclamation of the Investment Provisions Amendment Act. It provided the Minister of Finance with the authority to do those things he considers necessary for the purpose of managing, investing and disposing of the assets of the Fund.

In June, 1988 the Minister of Finance, on behalf of the Fund, entered into a unanimous shareholders agreement with the Investment Corporation of Saskatchewan (ICS), acquiring 100 Class A shares and 1243 Class B shares. ICS provides investment management services to its shareholders and charges fees for these services. ICS began charging the Fund for its services on December 1, 1988. Investment management fees for the year ended March 31, 1990 totalled $3,971 (1989 — $1,192). Previously, investment management services were provided to the Fund at no cost by the Department of Finance.

In April 1989, the Minister of Finance, on behalf of the Fund, entered into a custodial agreement with Royal Trust. Royal Trust became the custodian of investments held by the Fund for a charge based on the market value of the investments held. The charge for custodian services for the year ended March 31, 1990 totalled $12,055.

Schedule 1

Members of the Legislative Assembly Superannuation Fund

Schedule of Investment Transactions

Year Ended March 31, 1990

(Provided in accordance with the provision of section 42 of the Members of the Legislative Assembly Superannuation Act, 1979)

Investments at Cost	Balance March 31, 1989	Acquisitions	Dispositions	Balance March 31, 1990
Bonds and Debentures:				
Government of Saskatchewan	$ 786,750	$ —	$ —	$ 786,750
Government of Alberta	115,000	—	75,000	40,000
Ontario Hydro	1,417,275	—	—	1,417,275
Saskatchewan Potash	—	3,400	—	3,400
Saskatchewan Power	—	9,435	—	9,435
Corporate Debentures	600,000	139,976	315,250	424,726
Total	2,919,025	152,811	390,250	2,681,586
Equities:				
Investment Corporation of Saskatchewan "A"	100	—	—	100
Investment Corporation of Saskatchewan "B"	1,243	—	—	1,243
Canadian Corporate Equities	156,582	1,513,806	164,471	1,505,917
Foreign Corporate Equities	—	445,509	74,407	371,102
Total Long Term Investments	3,076,950	2,112,126	629,128	4,559,948
Short Term Investments	1,756,241	37,026,009	37,343,430	1,438,820
Total Investments	$ 4,833,191	$ 39,138,135	$ 37,972,558	$ 5,998,768